

November 16, 2004

Dr. Rodger Murchison, Chairman
Housing Authority of the City of Augusta
1425 Walton Way
Augusta, GA 30901

Dear Dr. Murchison:

I am in receipt of the mayor's approval form and supporting documentation for the bond issue for Maxwell House Apartments, 1002 Greene Street.

The materials, including the transcript from the public hearing, have been given thorough review. I additionally solicited supplemental input from stakeholders groups and interested parties, as well as persons involved in the current ownership of the property. Also, the residents of the building submitted to my office a photocopy of a petition.

Based on my study of the information at hand and the information I was able to develop independently, I do not find it in the best long-term interest of the City of Augusta to proceed with the proposal for low income housing for the Maxwell House Apartments. Therefore, I will not sign off on the mayor's approval form for the bond issue.

My determination is based on the existing volume of low income housing in proximity to the Central Business District, the strong objections from neighboring business and property owners, the unanimous objections of the downtown stakeholders groups, and the need for additional market rate housing in the CBD.

It is important to note that the Housing Authority of the City of Augusta, while approving the bond inducement resolution, did not express an opinion on the merits of the project or its impact on housing patterns in the CBD.

The E&G Group has an excellent reputation for redevelopment of distressed properties into affordable housing. My decision should in no way be taken as a negative reflection on the work E&G Group and Progressive Redevelopment, Inc have done in other cities and will do for other projects in Augusta. My decision is based on one specific property.

The Maxwell House is one of four properties E&G Group have under contract for purchase in Augusta. Representatives of the owner have assured me that the other three properties will close even if the Maxwell House is not included.

If E&G Group does not find another means to finance its project, I anticipate the Maxwell House will remain on the market for sale. The bondholders make it clear to me they do not want to keep the Maxwell House property. They further stated that prior to accepting the sales contract from E&G Group a number of other offers had been received. E&G Group's proposal was accepted, because it represented the highest sales price.

In reaching my decision I have sought the counsel of the people most affected in the long term – the business owners and property owners in the CBD. Their advocacy groups – Augusta Tomorrow, Main Street Augusta, and Downtown Development Authority – have all agreed that the project is not beneficial to downtown and not consistent with master plans for future development.

The downtown plans show a need for additional market rate housing. Loft apartments and River Place represent the only supply of market rate housing in the Central Business District. While the design of Maxwell House does not lend itself to luxury condominiums, there is no convincing evidence it could not support a conversion to a market rate property.

The low-income housing proposal for Maxwell House simply adds to an abundance of that type housing in the CBD. My research shows at least 17 low-income housing developments within an easy walk of the Maxwell House property. Those developments, both public and private, represent 2,411 individual units with rents below market rate.

Proponents of the bond issue have expressed concerns about the current condition of the building.

The residents' petition cites an outdated elevator. The owners, however, have informed me that within the past two years they have spent about \$400,000 on the building, including installation of a new elevator and a new roof.

Representatives from E&G Group and Augusta Housing and Economic Development Department along with the petition from the residents all have publicly pointed out existing deficiencies in compliance with building code and fire regulations. In response, I directed our administrator to have our building and fire inspectors visit the property to ensure public health, life and safety codes are being followed and to issue citations to force corrective action where appropriate.

It is my opinion that the proposal from E&G Group is not the only option for development of this property. Agents for the property owners informed me other offers were made. And, since the E&G Group proposal became public, additional interested parties have come forward.

The Maxwell House has a future, but I am not convinced that future is tied up in affordable housing.

All the best,

Bob Young
Mayor

